

ADMINISTRATION

Key Mid-Term Achievements

PROCUREMENT

Electronic procurement

The Commonwealth's electronic procurement system is now the premier public sector system in the nation, winning a half dozen state and national awards for innovation and cost cutting. Growth in purchases through the system is increasing at a healthy rate, with \$1.5 billion so far this fiscal year (more than double the total for all of last year.) By late summer, Virginia will likely be the first state to achieve comprehensive quantification of savings and return on investment from electronic procurement. Studies indicate that savings of \$4-6 million a year are being achieved by changing from manual to electronic purchase orders alone. Sample testing of two large vendors reveals that cycle time has been reduced by 25%.

Leveraged purchasing

The Virginia Partners in Procurement (VaPP) project introduced leveraged purchasing to the Commonwealth's agencies and institutions. Using purchasing data collected by eVA and working with a private sector consultant, a pilot project this past year produced nearly 100 new statewide contracts projected to save \$36 million per year. The project has also produced a system for monitoring and tracking purchasing through leveraged contracts and critical training for procurement officers in innovative spend management techniques.

Partnering with local governments

Both electronic procurement (eVA) and leveraged contracts are being marketed to local governments in order to expand the savings to all government entities.

Virginia Distribution Center

Market basket surveys demonstrate that VDC saves its state agency and local government customers \$9-10 million per year. Solicitation for a public/private business model for increased savings is underway. VDC is now a designated FEMA distribution point.

Public-Private Education and Infrastructure Act

Provided significant support for enactment of this legislation to bring private sector expertise to bear on government operations, formulated the model procedures and state guidelines, and actively promoted and informally solicited proposals for capital projects at the seat of government and for innovative proposals for more effective management of business functions.

FIXED ASSET MANAGEMENT

Capitol Square renovations

Following years of neglect that allowed valuable state facilities to fall into decay, \$225M in renovation and construction projects around Capitol Square will create thousands of jobs, return abandoned assets to productive use, and ready the seat of government for the important commemorations in 2007. At the beginning of the Warner administration, the Commonwealth was spending \$25-30 million per year leasing 2 million square feet of space in the greater Richmond area, while 500,000 square feet of building space in the Capitol environs was unoccupied due to unsafe and deteriorated conditions. The business case for these investments is demonstrable and self-evident. Four buildings are under current or planned renovation: the historic Capitol and the Old State Library, Old Finance, and Washington Buildings. A major new parking facility is under construction on 14th Street. PPEA proposals for state buildings in the 8th/9th Street block are under review. The Commonwealth is purchasing the parking deck at 9th and Franklin.

Real estate management

We have initiated a multi-phased project to apply best business practices to management of the Commonwealth's real estate portfolio, focusing on office co-location opportunities and coordinated management of enterprise-wide real estate transactions. A private consultant projects that when the new system is fully implemented, savings to the Commonwealth will be in the millions of dollars each year. Earlier savings can be achieved with a phased implementation.

FLEET MANAGEMENT

Increased the efficiency of the central fleet's trip car operation through the initiation of a web-based reservation system. Additional efficiencies and cost saving opportunities could be achieved by outsourcing fleet maintenance. The Commonwealth has expressed interest in such a proposal, and a PPEA proposal from one or private sector entities is likely to be received and reviewed in the next several months.

ENERGY PERFORMANCE CONTRACTING

Upon recommendations of a seven agency "Energy Advisory Committee" convened for the purpose of coordinating the work of multiple agencies, energy contract administration for all state energy contracts has been consolidated in a single agency – Department of General Services – with the Department of Mines, Minerals, and Energy providing technical advice. This consolidation will lead to opportunities to leverage purchasing power in the marketplace for greater efficiencies and cost savings and improved management of contracts based on performance.

LABORATORY SERVICES

Opened a new, state-of-the-art consolidated laboratory that provides among the most sophisticated health, environment and public safety lab facilities in the nation. This is a national center and regional centerpiece for addressing Federal Chemical Terrorism and Bio-Terrorism Program.

CHARITABLE GAMING

Reformed the oversight and regulation of charitable gaming in the Commonwealth by restructuring the agency, amending its statutory authority, elevating its board, and revamping its management. As a result, the agency's performance on every objective standard, including both customer service and enforcement, has improved markedly.

VETERANS SERVICES

Reformed and consolidated functions into single, new agency headed by a Commissioner of Veterans Services and completely revamped management of key facilities. Also consolidated and elevated citizen boards into new policy board, and established new foundation and new joint council veterans service organizations. As a result, service delivery has been expanded and improved with additional advancements currently underway.

HUMAN RESOURCES

Several new initiatives have enhanced HR services and improved operations while producing over \$20 million in savings to taxpayers.

- New employee programs and processes include ***EmployeeDirect***, an on-line health benefits registration program, ASK WHY and Employee Suggestion initiatives to solicit ideas for reforming government, programs for career advancement and personal finance and retirement planning. In the 2003 open enrollment period, use of *EmployeeDirect* saved a half million dollars in staff time even with only 45% of enrollments processed through the portal.
- New **tools for managers** include a management scorecard for tracking progress on measurable management objectives, a master calendar, a virtual managers handbook, and an aggressive risk management system to reduce on the job injuries.
- New training initiatives include collaborative development of an internet **Learning Management System (LMS)**, which when fully implemented will save over \$5 million annually by eliminating duplication, expensive software upgrades and licensing agreements.
- **Workforce planning tools** have been developed and deployed to agency managers, including a web-based planning "tool kit", policy guidance, and a plan prototype – all to address looming challenges to attracting and retaining a qualified workforce.

STATE EMPLOYEE HEALTH BENEFITS

In response to an imminent 16.1% increase in the cost of health benefits, we engineered the entire health benefits plan, driving the increase down to 4% and thereby containing the cost increases for both the taxpayers of the Commonwealth (as the employer) and state employees. The new CoVACare plan also provides enhanced benefits for most enrollees.

ALTERNATIVE DISPUTE RESOLUTION

Successfully launched the new statewide ADR initiative without any budget appropriation using collaborative techniques. Established new interagency ADR Council and designed and conducted statewide training on ADR implementation. Conducted first-ever survey of agency use of ADR processes and will launch major pilot projects with ADR coaching teams Spring 2004. ADR tools and techniques can produce significant efficiencies and cost savings in resolving workplace, contract, policy, interagency, and other disputes. The pilot projects will be used to develop methodologies for quantifying these savings.

COMPENSATION BOARD

Using its highly secure technology, the Board partnered with the law enforcement networks twice to enhance communication and increase efficiencies. First, the Law Enforcement Alert Network was created in response to the sniper events in the fall of 2002. Now the Virginia State Police and local law enforcers can communicate in real time promptly and securely as never before using board systems. In addition, again using board technology, the Local Inmate Data System was created to help process DNA activity. The system reduced a 13% duplication rate to 4%, saving real dollars.

ELECTIONS

Election processes have been enhanced by improved voter access to polling places and real-time election night reporting on the Internet. Voter registration procedures have been streamlined. SBE has formed a partnership with localities to implement the new federal Help America Vote Act and upgrade voting equipment statewide.